

Mr Heinz Hilbrecht
European Commission
DG TREN
Directorate C, Conventional Sources of Energy
Rue de Mot 24, 6/083
1049 Bruxelles

Brussels, February 19th 2007.

Dear Mr. Hilbrecht,

The European Association for Streamlining of Energy Exchange-gas (EASEE-gas) is a body representing the entire gas chain from suppliers to end users. EASEE-gas has been established in 2002 with the support of the European Gas Regulatory ('Madrid') Forum. The mission of EASEE-gas is to develop and promote Common Business Practices (CBPs) to simplify and streamline energy exchange through harmonizing business interaction between the stakeholders, a prerequisite for a competitive and efficient European gas market. EASEE-gas has a proven track record of successfully delivering such CBPs.

EASEE-gas has taken note of the recent proposal from the Commission for a comprehensive package of measures to establish a new Energy Policy for Europe. Regarding the development of 'standards and operational rules' with respect to the interaction between all stakeholders including TSOs, EASEE-gas believes that it provides an appropriate open, transparent and sufficiently wide platform for such development in the form of CBPs, which is important for the further enhancement of the single internal market and is closely related to the aims of our association. With this letter we would like to suggest how support for this work can be broadened through full stakeholder participation, and how the process of harmonisation can be further improved and accelerated in order to support the Commission's objectives.

In summary, we suggest that the Commission considers providing EASEE-gas with an institutional advisory role such that Common Business Practices developed through EASEE-gas and endorsed by ERGEG can be made legally binding by the Commission.

Harmonising the use of business standards and operational rules is a key enabler for further development of the internal market. The ability to move gas throughout the EU without undue barriers or limitations is essential for a competitive market and for security of supply. This requires that the various markets and systems are compatible at least in terms of information exchange, business processes and technical detail. Such harmonisation between the various segments in the gas chain, as well as between different geographical areas furthermore leads to more flexibility, thus greatly improved efficiency of the single internal market.

The importance of harmonisation was recognized at the Madrid Forum through its support for EASEE-gas. Over the past few years EASEE-gas has demonstrated its ability to deliver a number of Common Business Practices as voluntary industry agreements. These include Common Business Practices on:

- Harmonisation of Units
- Harmonisation of Nomination and Matching Process
- Edig@s Protocol
- Harmonisation of Gas Qualities
- Interconnection Agreements
- Constraints Handling

EASEE-gas is unique among industry associations in Europe as it is the only organization that is not lobbying for any single industry segment as it represents the entire gas chain. It is independent, transparent, and participation is open to all stakeholders including all industry segments, end users, regulators, Member States, standardization bodies, etc. EASEE-gas has some 80 company members, 23 associate members and an advisory body that includes representatives from all major EU gas industry associations, CEN, ERGEG and Member States.

The concept of EASEE-gas was derived from the example of the North American Energy Standards Board (NAESB). The NAESB organization provides a successful model for the development of standards and operational rules, jointly by all stakeholders, in a completely open and transparent process. These standards and operational rules are subsequently adopted and can be converted into regulation by the Federal Energy Regulatory Commission (FERC). This approach ensures extensive industry commitment and effective implementation. Outcomes are cost-effective and contribute to an efficient energy market. Specifically, the fact that NAESB standards and operational rules can be made legally binding is a key success factor in this respect.

Over the last year, EASEE-gas has had various engagements with NAESB to learn from their approach. From these discussions, and based on our own experiences, EASEE-gas has identified some improvements related to the organization of its work. These concern, for example, the introduction of balanced voting at work group level and further enhancement of transparency through open and wide publication of all agendas, all meeting minutes, transcription of certain key meetings, etc. We also learnt that voluntary commitment is not sufficient as compliance with such voluntary CBPs tends to be patchy due to their being perceived as non-committal, non-binding.

To address the pitfalls of voluntary commitment it is suggested to establish an institutional advisory role for EASEE-gas such that its CBPs can be made legally binding by the Commission. We believe that EASEE-gas is well positioned to contribute to the regulatory process as anticipated by the Commission through the proposed introduction of a Third Energy Package.

We certainly hope that the Commission could support this approach as it responds to the requirements communicated by the Commission on January 10th, specifically regarding the harmonisation of 'standards and operational rules'.

We believe that this suggested approach will enable the effective implementation of harmonised common business practices throughout the gas industry, significantly furthering the development of the single internal gas market.

We would appreciate an opportunity to discuss our proposal with you and are at your disposal for a meeting.

Yours sincerely



Henri Cattoor
Chairman of the Board